


CLERK OF THE BOARD
DATE AND TIME RECORDER STAMP

**OFFICE OF THE MAYOR
MIAMI-DADE COUNTY, FLORIDA**

VETO AND VETO MESSAGE

To: Honorable Chairperson and Members
Board of County Commissioners
Miami-Dade County, Florida

From: 
Carlos Alvarez, Mayor
Miami-Dade County, Florida

CLERK OF THE BOARD
2005 FEB -5 AM 9:24
CLERK, CIRCUIT & COUNTY COURTS
DADE COUNTY, FLA.
#1

Pursuant to the authority vested in me under the provisions of Section 1.10.A of the Miami-Dade County Home Rule Charter, I hereby veto Resolution number R-120-05 adopted at the January 27, 2005 Board of County Commissioners Meeting:

RESOLUTION APPROVING AN AMENDMENT TO THE PEOPLE'S TRANSPORTATION PLAN (PTP) TO INCLUDE THE USE OF CHARTER COUNTY TRANSIT SYSTEM SURTAX (SURTAX) FUNDS FOR EXISTING MIAMI-DADE TRANSIT (MDT) SERVICE FOR FISCAL YEARS 2001-2002, 2002-2003, 2003-2004, AND 2004-2005, AND FURTHER AMEND THE PTP TO INCLUDE THE USE OF SURTAX FUNDS FOR SUCH SERVICE FOR SUBSEQUENT FISCAL YEARS UNDER CERTAIN CONDITIONS

Veto Message

The Board of County Commissioners last week approved an amendment to the People's Transportation Plan (PTP) to include the use of Charter County Transit System Surtax Funds (Surtax) for existing Miami-Dade Transit (MDT) Service for fiscal years 2001-2002, 2002-2003, 2003-2004, and 2004-2005, and to further amend the PTP to include the use of Surtax funds for such service for subsequent fiscal years under certain conditions. As I will detail below, I believe that part of the proposed PTP amendment goes against the intent of the voter approved PTP and have therefore exercised my right to veto this resolution.

On July 9, 2002, the Board approved Ordinance 02-116 placing a one half of one percent surtax for transit on the ballot for consideration of Miami-Dade County voters. On November 5, 2002 Miami-Dade County voters overwhelmingly approved the

People's Transportation Plan. The ordinance approved by the Board of County Commissioners included "Exhibit 1", which described the enhanced services to be funded by the Surtax, specifically increasing the following: bus fleet from 700 to 1,335, service miles from 27 million to 44 million, and operating hours from 1.9 million to 3.3 million. "Exhibit 1" also provides for up to 88.9 miles of countywide rapid transit lines, major highway and road improvements, neighborhood improvements, and municipal improvements.

Furthermore, the ordinance clearly states that Surtax funds shall be expended for the transportation and transit projects as set forth in "Exhibit 1", including operations and maintenance thereof. Had the original intent of the Surtax been a unified transit budget where all revenue sources were mixed together, this amendment to the plan would not have been necessary nor would the ordinance require that Surtax dollars be kept in a separate account from other transit dollars.

It is of utmost importance that we protect the integrity of the Surtax and deliver what we promised to the voters. For this reason I cannot in good faith allow the Surtax to be used to pay for past, current, and future MDT funding shortfalls from existing services. The use of Surtax dollars to support preexisting transit services is irresponsible and goes against the very intent of the PTP. This is the fundamental reason that has driven me to veto this item and protect the integrity of the public trust instilled in me.

I do commend the County Manager for his recommendation to increase the Maintenance of Effort (MOE) to MDT; however, when the \$111.8 million maintenance requirement was established, it was set as a minimum, not the maximum. The general fund subsidy to MDT for the current fiscal year is approximately \$118 million (excluding Tri-Rail and the Regional Transportation Authority). As you know, that number is estimated to be \$24.2 million less than required for the department to complete the year with a balanced budget.

It was difficult for me to believe that our Transit Department had a deficit of \$23.9 million at the end of Fiscal Year 2001-02, the year before the Surtax passed. It is currently projected that MDT will need an operating subsidy of \$142.8 million to cover shortfalls from fiscal years 2001-02 to 2010-11. Problems of the past have obviously caught up with us. We should not look to the voter-approved Surtax to now dig us out of these problems. This pool of funds should only be used when directly related to items listed on "Exhibit 1" or the PTP ballot language approved by the voters.

Closing

It is not my intention to ignore the existing funding predicaments in MDT, but to propose solutions to aid the department without violating the voters' trust. By way of this message, I would urge the County Manager to prepare an amendment to the PTP whereby the County's MOE shall increase by at least 3.5% in general fund and 1.5% in Local Option Gas Tax (LOGT) annually. The base amount for calculating the MOE

should be at least the current fiscal year budgeted amount. This amendment should be in the form of an ordinance which would require public hearing before it can be amended.

Secondly, I am challenging the Manager to look for efficiencies, cost savings, and alternative means of funding the estimated \$142.8 million MDT funding gap. Only after extensive attempts to lessen the deficit or find alternative financing for it, should the County Manager present to the Board a separate item detailing the amount of cash flow, not Surtax dollars, required to cover past, present, and future deficits. At that point, I would consider further review of using of Surtax cash flow to MDT on the condition that the MOE base is increased by an amount sufficient to cover the cash flow required. Let me be absolutely clear, this method of financing should not be construed as permission to use Surtax dollars, but instead as a loan of cash flow which shall be repaid by an increase in the base year MOE sufficient to at least equal the cash flow fronted. This transaction should also be memorialized by ordinance.

Lastly, a comprehensive Transit System review is in order to determine the cost effectiveness of existing services, the reasonableness of assuming that 75% of our Rail Corridors will be paid by State and Federal dollars, the appropriateness of the rate increases included in the revised pro forma, and the transportation needs of today and the future. There are some in this community that talk about promises made when the original Metrorail was built. I am sensitive to those valid considerations but believe that we should focus on developing our system based on the needs of today and tomorrow if we are to succeed. Current building trends, population, and employment data must be evaluated to determine what, when, where, and how we expand our system to comply with the intent of the PTP: traffic relief.

Attachment

EXHIBIT 1

PEOPLE'S TRANSPORTATION PLAN

YEAR 2003–2008: BUS SERVICE IMPROVEMENTS (Capital Cost: \$90 million)

- Increases bus fleet from 700 to 1335.
- Increases current service miles from 27 million miles to 44 million miles.
- Increases operating hours from 1.9 million hours to 3.3 million hours.
- Utilizes minibuses on **all new** bus routes and in neighborhood/municipal circulator shuttle service.
- **Adds mid-day, Saturday and Sunday services** within 30-days of approval of a dedicated funding source using existing buses.
- **Provides 15-minutes or better bus service** during rush hour; 30-minutes or better during other periods; 24-hour service in certain major corridors.
- **Replaces buses on a systematic basis** to reduce operating cost and increase reliability.
- **Constructs bus pull-out bays** on major streets to expedite traffic flow.
- **Implements grid system** for bus service (north-south and east-west) on major streets and avenues with circulator service feeding main line bus service and rapid transit lines.
- **Expands the bus shelter program** throughout the County.
- **Enhances and expands transit bus stop signage** countywide; incorporate information technology at bus stop and rail stations.
- **Expands Transit's public information program** through enhanced marketing and advertising.
- **Expands on successful municipal circulator program.**

YEAR 2003-2031: RAPID TRANSIT IMPROVEMENTS

Construction of up to 88.9-miles of countywide rapid transit lines. (Capital Cost: \$7 billion)

- **Technology and Corridor Improvements:** Two corridors, totaling 26.7 miles of rapid transit, have completed the planning phase and are ready to enter into final design and construction -- the North Corridor and East-West Corridor.
- The **North Corridor** is a 9.5-mile heavy rail alternative, running from the Dr. Martin Luther King, Jr. Metrorail Station, along NW 27th Avenue to NW 215th Street (Miami-Dade/Broward County line); with proposed stations at Northside Shopping Center, MDCC-North Campus, City of Opa-locka, Palmetto Expressway, Carol City Shopping Center, Pro-Player Stadium and the Florida Turnpike. The North Corridor (part of the original Rapid Transit Plan) will receive top priority to go into the final design and construction phase. (\$555 million)
- The **East-West Corridor** consists of two segments, one from the Florida Turnpike east to the Palmetto Expressway (SR 826) and from the Palmetto, through Miami International Airport, downtown Miami, and to the Port of Miami, 6-miles and 11.2 miles respectively. These sites have been identified as potential station locations: Florida Turnpike, NW 107th Avenue, NW 97th Avenue, NW 87th Avenue, Milam Dairy Road, Blue Lagoon area, Miami Intermodal Center, NW 27th Avenue, Orange Bowl, Government Center (downtown Miami), and the Port of Miami. (\$2,789 million)

EXHIBIT 1

PEOPLE'S TRANSPORTATION PLAN

- **The remaining 62.2-miles of rapid transit lines need to complete federal, state and local planning processes** to determine feasibility, technology, and corridor alignment. These corridors include, but are not limited to, the following:
 - **Earlington Heights/Airport Connector:** A 3.1 mile extension from the Earlington Heights Metrorail Station to the Miami Intermodal Center, located on the east side of Miami International Airport. (\$207 million)
 - **Baylink:** A 5.1-mile corridor between downtown Miami and South Miami Beach. (\$510 million)
 - **Kendall Corridor:** A 15-mile corridor with both east-west and north-south segments. (\$877 million)
 - **Northeast Corridor:** A 13.6-mile corridor from downtown Miami, through Little Haiti, to NE 215th Street, generally along the Biscayne Blvd./US 1 Corridor and Florida East Coast railroad right-of-way. (\$795 million)
 - **Rail Extension to Florida City:** A 21-mile rail extension along US1 consisting of two segments, one from Dadeland South Metrorail Station to Cutler Ridge; a second segment from Cutler Ridge to Florida City. (\$946 million)
 - **Douglas Road Extension:** A 4.5-mile corridor from the Douglas Road Metrorail Station to the Miami Intermodal Center. (\$280 million)

YEAR 2003-2013: MAJOR HIGHWAY AND ROAD IMPROVEMENTS (Total Cost: \$309 million)

Includes the following countywide improvements:

- Supplements funding to upgrade the County's traffic signalization system.
- Constructs major ingress/egress improvements in Downtown Miami, from SW 8 Street to SW 1 Avenue.
- Funds the Preliminary Engineering and Design study of I-395.
- Accelerates approved safety enhancements and lane improvements for Krome Avenue.
- Completes construction of NW 87 Avenue between NW 154 Street and Miami Gardens Drive (NW 183 Street).
- Creates viable reverse flow lanes on major thoroughfares.
- Funds grade separation of intersections where appropriate countywide.
- Supplements funding to widen NW 62 Avenue, from NW 105 Street to NW 138 Street.

EXHIBIT 1

PEOPLE'S TRANSPORTATION PLAN

YEAR 2003-2013: NEIGHBORHOOD IMPROVEMENTS (Total Cost: \$167 million)

Neighborhood improvements include modification of intersections; resurfacing of local and arterial roads; installation/repairs of guardrails; installation of school flashing signals and enhancement of greenways and bikeways. Such improvements also include replacement/repair of sidewalks, repair/installation of drainage and landscape beautification (including community image enhancements) related to the development, construction, operation or maintenance of roads and bridges in the county or to the expansion, operation or maintenance of bus and fixed guideway systems.

- Accelerates program to provide ADA accessibility to bus stops throughout the County.

MUNICIPAL IMPROVEMENTS (Cities to receive a pro rata share (determined by population) of 20% total surtax revenues on an annual basis (currently estimated at \$62.6 million [one-percent] or \$31.3 million [one-half percent])

Cities will preserve the level of transportation funding currently in their FY 2001-2002 budgets (i.e. their maintenance of effort dollars). Maintenance of effort excludes special bond issues for infrastructure improvements.

The cities will dedicate 20% of their surtax funds to transit purposes. This would include circulators, bus shelters, bus pull out bays or other transit-related infrastructure. If such utilization is inappropriate, the County will be afforded the opportunity to undertake such projects with those funds or the funds will revert to the municipal pool for re-distribution.

NOTE: This Exhibit 1 includes those projects listed on the attached 3 pages entitled "Board Requested Major Roadway and Neighborhood Improvement Projects for Inclusion in the People's Transportation Plan."

Approved _____ Mayor
Veto 2-5-05 o.c.
Override _____

Not
Agenda Item No. 7(J)(1)(R)
1-20-05

OFFICIAL FILE COPY
CLERK OF THE BOARD
OF COUNTY COMMISSIONERS
DADE COUNTY, FLORIDA

RESOLUTION NO. R-120-05

RESOLUTION APPROVING AN AMENDMENT TO THE PEOPLE'S TRANSPORTATION PLAN (PTP) TO INCLUDE THE USE OF CHARTER COUNTY TRANSIT SYSTEM SURTAX (SURTAX) FUNDS FOR EXISTING MIAMI-DADE TRANSIT (MDT) SERVICE FOR FISCAL YEARS 2001-2002, 2002-2003, 2003-2004, AND 2004-2005, AND FURTHER AMEND THE PTP TO INCLUDE THE USE OF SURTAX FUNDS FOR SUCH SERVICE FOR SUBSEQUENT FISCAL YEARS UNDER CERTAIN CONDITIONS

WHEREAS, this Board desires to accomplish the purposes outlined in the accompany memorandum, a copy of which is incorporated herein by reference,

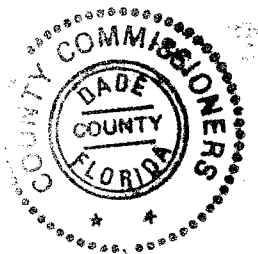
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that the People's Transportation Plan (PTP) be amended to include the use of Surtax funds for existing Miami-Dade Transit (MDT) service for Fiscal Years 2001-2002, 2002-2003, 2003-2004 and 2004-2005 and be further amended to include the use of such funds for such service for FY 2005-2006 and subsequent fiscal years. The further amendment to include use of Surtax funds for existing MDT service for FY 2005-2006 and subsequent fiscal years, shall be contingent upon the approval by the Board for such fiscal year of at least a 3.5% increase in the Countywide General Fund Budget to MDT over that provided in the preceding fiscal year and at least a 1.5% increase in Local Option Gas Tax (LOGT) Revenue support for MDT over that provided in the preceding fiscal year (or the proportionate share increase in LOGT Revenues for such fiscal year in accordance with Resolution No. R-614-03, whichever is greater). The 3.5% increase in the Countywide

General Fund Budget to MDT over that provided in the preceding fiscal year shall be built upon a revised Maintenance of Effort amount to include an increase of \$2 million dollars to the Countywide General Fund Budget to MDT as of Fiscal Year 2004-2005, as outlined in the accompanying memorandum, in substantially the form attached hereto and made a part hereof.

The foregoing resolution was offered by Commissioner **Katy Sorenson**, who moved its adoption. The motion was seconded by Commissioner **Dorrin D. Rolle** and upon being put to a vote, the vote was as follows:

Joe A. Martinez, Chairman	nay		
Dennis C. Moss, Vice-Chairman	aye		
Bruno A. Barreiro	aye	Dr. Barbara Carey-Shuler	aye
Jose "Pepe" Diaz	nay	Carlos A. Gimenez	nay
Sally A. Heyman	aye	Barbara J. Jordan	aye
Dorrin D. Rolle	aye	Natacha Seijas	nay
Katy Sorenson	aye	Rebeca Sosa	nay
Sen. Javier D. Souto	nay		

The Chairperson thereupon declared the resolution duly passed and adopted this **27th** day of January, 2005. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.



MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: **KAY SULLIVAN**
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.

B.L.

Bruce Libhaber

Memorandum

MIAMI-DADE
COUNTY

Date: January 20, 2005

To: Honorable Chairman Joe A. Martinez and Members,
Board of County Commissioners

From: George M. Burgess
County Manager

Subject: Resolution Approving an Amendment to the People's Transportation Plan to Include the Use of Charter County Transit System Surtax Funds for Existing Miami-Dade Transit Service for an Integrated Transit System

Not On
Agenda Item No. 7(J)(1)(R)

RECOMMENDATION

It is recommended that the Board approve the attached resolution, as recommended by the Citizens' Independent Transportation Trust (CITT), amending the People's Transportation Plan (PTP) to include the use of Charter County Transit System Surtax (Surtax) funds for existing Miami-Dade Transit (MDT) service for Fiscal Years 2001-2002, 2002-2003, 2003-2004, and 2004-2005, and further amendment to include the use of such funds for such service for FY 2005-2006 and subsequent fiscal years. The further amendment to include use of Surtax funds for existing MDT service for FY 2005-2006 and subsequent fiscal years shall be contingent upon the approval by the Board of County Commissioners for such fiscal year of at least a 3.5 percent increase in the Countywide General Fund Budget to MDT over that provided in the preceding fiscal year and at least a 1.5 percent increase in Local Option Gas Tax (LOGT) Revenue support for MDT over that provided in the preceding fiscal year (or the proportionate share increase in LOGT Revenues for such fiscal year in accordance with Resolution No. R-614-03, whichever is greater), as outlined in my attached Memorandum of August 16, 2004, and attached Surface Transportation Manager's Memorandum of August 11, 2004, and incorporated herein by reference.

This item was amended at the CITT's Budget and Finance Committee meeting on December 17, 2004, to memorialize my recommendation that the 3.5% increase in the Countywide General Fund Budget to MDT over that provided in the preceding fiscal year be built upon a revised Maintenance of Effort amount to include an increase of \$2 million dollars to the Countywide General Fund Budget contribution to MDT as of Fiscal Year 2004-2005.

BACKGROUND

On August 16, 2004, I circulated the "Working White Paper" prepared by Dr. Carlos F. Bonzon, Ph.D., P.E., Surface Transportation Manager. That document brought forward a number of issues surrounding the PTP and the funding of the County's transit system, and it highlighted that successful implementation of the PTP depends on the maintenance of an efficient and effective unified public transit system.

A properly funded MDT operation is a critical element of the success of the PTP. Support for existing services was envisioned in the 21-year Pro Forma dated July, 2002. Furthermore, the 30-year Pro Forma presented in December, 2003, incorporated support for existing services as part of a sound financial plan along with a 3.5 percent increase in General Fund support. The December,

2003, balanced Pro Forma also included an annual 1.5 percent increase in LOGT Revenue for the next 30 years. The additional funding from those two sources was considered and approved by the Board as part of the Fiscal Year 2004-2005 Countywide Budget, and my Memorandum of August 16, 2004, accompanying the "Working White Paper" endorsed the inclusion of that funding in subsequent countywide budgets.

The proposed PTP amendment would memorialize those recommendations. The amount of support from the Surtax for existing MDT services will be included each year as part of the annual update of the Pro Forma. Support for existing services from the Surtax would be automatically continued for each year as long as the percent growth in General Fund and LOGT Revenue are continued. This amendment also includes the recommendation I made at the CITT's Budget and Finance Committee meeting of December 17, 2004, that the 3.5% increase in the Countywide General Fund Budget to MDT over that provided in the preceding fiscal year be built upon a revised Maintenance of Effort amount to include an increase of \$2 million dollars to the Countywide General Fund Budget contribution to MDT as of Fiscal Year 2004-2005. This modified plan amendment was subsequently recommended by the CITT on December 29, 2004.

This amendment will have a one-time impact on the Surtax of \$23.9 million covering the cost of services from Fiscal Year 2001-2002. The "Working White Paper" describes this budgetary shortfall as a historic deficit on existing services, debt service payments for the acquisition of buses and debt for capital maintenance and improvements prorated based on the total bus miles used prior to the surtax (for bus purchases). The series of one-time fixes applied to the MDT budget to remedy historic shortfalls is also explained, and the conclusion is that there can be no more borrowing from future years for the present expenses of a unified transit system. The first five years of the proposed 3.5 percent increase in General Fund support will be used to address these past MDT debts. The debt service on the capital improvements should be funded by the Surtax since these improvements are taking place after the Surtax was approved and serve the system as a whole. The buses purchased in 2001 and 2002 are in service today and have a life expectancy of 12 years. However, the revised Maintenance of Effort amount to include an increase of \$2 million dollars to the Countywide General Fund Budget contribution to MDT as of Fiscal Year 2004-2005 will add approximately \$103 million dollars to the total revenues of the Pro Forma.

MDT is committed to the efficient and effective use of both the Surtax and its other revenue streams. To that end, MDT has commissioned a number of studies to provide research and technical assistance in public transportation issues. For example, the Center for Urban Transportation Research (CUTR) at the University of South Florida has completed a review of specific Metrorail and Metromover operational procedures, and the recommendations will be implemented during Fiscal Year 2004-2005. A similar operational review of Metrobus has just been completed, producing estimated manpower requirements for several Metrobus maintenance classifications. Florida International University (FIU) is in the process of establishing work standards for Metrobus maintenance activities which will also be implemented in Fiscal Year 2004-2005. The Comprehensive Bus Operations Analysis, which reviewed each MDT route for ridership, run times, schedule adherence, etc., is due to be presented to the Board and CITT in January, 2005. CUTR has also completed a review of best practices in MDT operations, materials management, and facilities maintenance. MDT has already begun to implement preliminary recommendations from these and other studies. Measurable performance standards have been incorporated into the department's Business Plan, and MDT is held to these goals in its yearly performance evaluation. Individual administrators within the department are in turn held accountable in their own annual performance reviews when these goals are not met. Services or practices that do not meet established performance standards are improved or eliminated. A

commitment to the implementation of best practices is integral to the success of the PTP, and the department recognizes this obligation and responsibility.

SURTAX FISCAL IMPACT

A revised Pro Forma incorporating changes in projected revenues and expenses for a unified transit system will be presented to both the Board and the CITT in January 2005. Included in that update will be the additional one-time impact from this amendment of \$23.9 million covering the cost of services from Fiscal Year 2001-2002.

However, the amendment made at the CITT's Budget and Finance Committee meeting on December 17, 2004, memorializing the recommendation that the 3.5% increase in the Countywide General Fund Budget to MDT over that provided in the preceding fiscal year be built upon a revised Maintenance of Effort amount to include an increase of \$2 million dollars to the Countywide General Fund Budget contribution to MDT as of Fiscal Year 2004-2005, adds approximately \$103 million dollars to the total revenues of the Pro Forma. Again, the revised Pro Forma will incorporate this additional revenue.



Assistant County Manager

Date




MEMORANDUM

(Revised)

TO: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

DATE: January 20, 2005

FROM: 
Robert A. Ginsburg
County Attorney

SUBJECT: Not On
Agenda Item No. 7(J)(1)(R)

Please note any items checked.


- ☒ "4-Day Rule" ("3-Day Rule" for committees) applicable if raised
- ☐ 6 weeks required between first reading and public hearing
- ☐ 4 weeks notification to municipal officials required prior to public hearing
- ☐ Decreases revenues or increases expenditures without balancing budget
- ☐ Budget required
- ☐ Statement of fiscal impact required
- ☐ Bid waiver requiring County Manager's written recommendation
- ☐ Ordinance creating a new board requires detailed County Manager's report for public hearing
- ☐ Housekeeping item (no policy decision required)
- ☐ No committee review

Memorandum



Date: August 16, 2004

To: Honorable Alex Penelas, Mayor
Honorable Chairperson Barbara Carey-Shuler, Ed.D.
and Members, Board of County Commissioners

From: George M. Burgess
County Manager 

Subject: Working "White Paper"

Attached please find a working copy of a "white paper" prepared by Dr. Carlos Bonzon. This document is a work-in-progress that brings forward for discussion and comment certain thoughts, ideas and concepts regarding the People's Transportation Plan (PTP) and the funding of our public transit system. I would appreciate reviewing this paper with you prior to our budget hearings in September.

When I appointed Dr. Bonzon as the County's Surface Transportation Manager one of his main responsibilities was the successful and aggressive implementation of the PTP. Essential to that objective and our ability to have an efficient and effective unified public transit system is a properly funded Miami-Dade Transit (MDT) operation. As individuals that have been involved with County budgets and transit operations for many years, we both realize that the half-penny sales tax must support not only new and/or improved services but also help support services in place before November 2002. The half-penny sales tax is an additional revenue source among many that support our unified transit system. We cannot have the mindset that there are two public transit systems, one that existed before the referendum and the second that was comprised of all new and improved service occurring after the referendum – and that PTP funds could ONLY be used for the second system.

The Board was presented with this reality several months ago when we developed the long term 30-year Pro forma. As you may recall, at the time the 30-year Pro forma was developed, I recommended to the Board an increase of 3.5 percent in the annual General Fund (GF) Maintenance of Effort (MOE) contribution for the next 30 years. Similarly, I recommended an increase of 1.5 percent in the annual Local Option Gas Tax (LOGT) contribution. Both the 3.5 percent contribution and the 1.5 percent LOGT are included in the 2004-2005 Resource Allocation that will be considered by you in September.

I firmly believe that these recommendations should be memorialized via Ordinance in order to assure adequate funding support for an efficient and effective integrated transit system that delivers all projects discussed with the electorate.

I am also of the opinion that it is essential that we establish nationally recognized efficiency and effectiveness measures for our transit system in order to assure that all transit revenues, including surtax funds, are efficiently and effectively used in support of transit operations and that the implementation of the People's Transportation Plan is ensured.

This white paper opens for discussion the following key issues:

- Based on the required Maintenance of Effort (MOE) established by the Surtax Ordinance, what annual level of funding is the County obligated to provide to MDT?
- Was the MOE General Fund (GF) contribution envisioned to increase yearly, to whatever amount is necessary, in order to cover all costs associated with the so-called "existing or baseline" service as of November 5, 2002?
- What are the permitted uses of surtax revenues? Can surtax revenues only be used exclusively to fund the capital and operation and maintenance costs of the so-called "new improvements/enhancements"?
- What are the consequences if MDT's traditional annual revenues (without the surtax) are not sufficient to cover operations and maintenance expenses and an attempt is made to distinguish between "existing or baseline" and "new" services, rendering the use of surtax funds as a revenue source for an "integrated" system ineligible? Do we reduce the very transit service that we are trying to improve?
- Is it not the PTP's primary objective to deliver to County residents all the improvements established in the Surtax Ordinance in order to relieve congestion, offer mobility options and make our transportation system a truly "integrated" one?
- If so, should we not aggressively pursue all possible and available revenue sources at the federal, state and local levels and allocate them as needed in order to achieve our primary objective, the need to optimize and improve the baseline level of transit service?

I believe the concerns expressed in the white paper are integral to our budget discussions. We are available to discuss the white paper and its implications for next years' budget with you at your convenience.

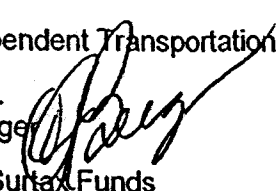
c. Carlos F. Bonzon, Ph.D., P.E., Surface Transportation Manager
Roosevelt Bradley, MDT Director
Jennifer Glazer-Moon, OSBM Director Designate

Memorandum



Date: August 11, 2004

To: Marc Buoniconti, Chairman
and Members, Citizen's Independent Transportation Trust

From: Carlos F. Bonzon, Ph.D., P.E.
Surface Transportation Manager 

Subject: Allocation of Transportation Surtax Funds

Since my appointment as Surface Transportation Manager in September 2003, I have been working diligently to ensure that the County's public transportation system expands in accordance with the improvements listed in the People's Transportation Plan (PTP). These improvements are the projects listed as Exhibit 1 to Surtax Ordinance No. 02-116, and approved by the Board of County Commissioners (BCC) in July 2002. However, since my appointment I have been made aware that there are differences of opinion as to whether surtax funds are to be used exclusively for Exhibit 1 projects (and for other projects that have been subsequently added to the PTP) or could also be used as one of many revenue sources available for improving the County's entire public transportation system. This "white paper" addresses to what extent, if any, it may be permissible under Ordinance No. 02-116 to use surtax funds to supplement other transit revenue sources for the operation and maintenance of the entire transit system.

Since I was not part of the planning for the PTP and was not involved in promoting the surtax to the electorate, my observations and conclusions are based on a thorough review of all available documentation on the subject matter and discussions with staff that participated in the surtax campaign. I am committed to implementing all of the PTP projects in an efficient and effective manner and within the timeframe promised to the voters. At the same time the County is responsible for the maintenance and operations of the entire public transit system – those services in place before the November 5, 2002 referendum (the so-called "existing or baseline" service) as well as those improvements implemented after the referendum.

The transit surtax was clearly promoted and approved by the electorate to improve Miami-Dade County's transportation system by implementing the People's Transportation Plan (PTP). Improving and expanding the bus service and building rapid transit lines are essential elements in the implementation of the PTP. It follows that the underlying operative fiscal principle for the County's multi-funded integrated transportation system continues to be the need to optimize and improve the transit system service's baseline level that existed just prior to November 5, 2002, when the County's voters approved the half-penny sales tax.

I have attempted to bring to the forefront some extremely important and critical issues for consideration and discussion by the Citizen's Independent Transportation Trust (CITT), prior to making any recommendations to the Mayor and the BCC. Background financial information is presented, some basic questions and issues regarding the use of transportation surtax funds are raised and clarification on historical revenue sources and costs of operations and maintenance of the Miami-Dade Transit (MDT) system is provided. All analyses and observations are strictly based on a thorough examination of documents in existence prior to the surtax and the "The People's Transportation Plan Resource Guide"

publication which was used by referendum supporters as a detailed reference document. The following basic questions begin the discussion:

- Based on the required Maintenance of Effort (MOE) established by the Surtax Ordinance, what annual level of funding is the County obligated to provide to MDT?
- Was the MOE General Fund (GF) contribution envisioned to increase yearly, to whatever amount is necessary, in order to cover all costs associated with the so-called "existing or baseline" service as of November 5, 2002?
- What are the permitted uses of surtax revenues? Can surtax revenues only be used exclusively to fund the capital and operation and maintenance costs of the so-called "new improvements/enhancements"?
- What are the consequences if MDT's traditional annual revenues (without the surtax) are not sufficient to cover operations and maintenance expenses and an attempt is made to distinguish between "existing or baseline" and "new" services, rendering the use of surtax funds as a revenue source for an "integrated" system ineligible? Do we reduce the very transit service that we are trying to improve?
- Is it not the PTP's primary objective to deliver to County residents all the improvements established in Exhibit 1 (as they may be amended from time to time) of the Surtax Ordinance in order to relieve congestion, offer mobility options and make our transportation system a truly "integrated" one?
- If so, should we not aggressively pursue all possible and available revenue sources at the federal, state and local levels and allocate them as needed in order to achieve our primary objective, the need to optimize and improve the baseline level of transit service?

MDT OPERATING SUBSIDY SOURCES

Traditionally, like every transit system in the nation, MDT has relied on federal, state and local subsidies in order to provide transit services. They include Federal funds, State Transportation Disadvantaged funds, State Block Operating Grants, Local Option Gas Tax (LOGT) funds and a contribution from the County's GF. Other revenues come from joint development projects, leases, and advertising. Typically, transit systems only recover approximately 25% to 40% of their operating and maintenance expenses from the fare box. There are two ways to increase fare revenues: increase fares or increase the number of paying customers. If fare revenues were to recover a higher percentage of expenses, they would have to be set at a level that would be detrimental to the transit dependent population. In the case of MDT, in spite of increases in the level of transit service, the growth of passengers using the system has been less than anticipated and thus the revenues from fares are significantly lower than the growth in operations and maintenance costs. One of the difficulties in attracting new riders occurs because our transit system is incomplete and should connect to additional passenger activity centers.

At the same time, the number of riders and subsidy required to maintain an ever growing Special Transportation Services (STS) system has significantly increased, placing a significant budgetary pressure on MDT and requiring the reallocation of revenues among the different modes of transit. As Members of the CITT may be aware, the amounts of federal and state annual assistance are not guaranteed, but rather subject to authorization and appropriation by Congress and the State legislature

~~Thus, if other supplementary sources of funding are not available, annual revenue shortfalls and variations automatically cause transportation service adjustments.~~

MDT'S HISTORICAL BUDGETARY CONSTRAINTS

As a result of severe cutbacks nationwide in federal assistance for transit operational expenses as well as significant competing priorities for scarce GF funds at the local level, MDT has historically resorted to one-time revenues to balance its annual budget. In fact, an examination of MDT's budget for the last ten years reveals that U.S. Leverage Lease and other one-time revenues were used by MDT in 1997, 1998, 1999 and 2001. MDT has been in a catch-22 situation for years due to the need to improve an inadequate transportation system while at the same time lacking the resources to do so. As a result, prior to the successful November 5, 2002 referendum, MDT had tried unsuccessfully to obtain approval from the electorate for a dedicated source of funding for transit, not only to expand and enhance existing service but also to bring such existing service and transit facilities to acceptable standards after years of inadequate funding levels. For years it was recognized that adequate financial resources did not exist to maintain a level of transit service commensurate with a metropolitan area of the size, complexity and growth of Miami-Dade County.

MDT'S FINANCIAL CONDITION PRIOR TO THE SURTAX APPROVAL

An examination of MDT's past financial records immediately prior to the surtax referendum reveals that both FY 00-01 and FY 01-02 ended with the County resorting to the use of one-time revenues to pay for anticipated MDT expenses. These included increasing the capitalized costs and in FY 01-02 actually borrowing from FY 02-03 Federal allocation funds. At that time the County had counted on but was not able to close on anticipated one-time lease/leaseback agreements for the Metrorail guideway and the Metromover system. At one time, it was anticipated that such a transaction would generate approximately \$60 million and would fund the acquisition of buses and subsidize operating expenses for FY 00-01 and FY 01-02. Such a transaction never materialized. However, in anticipation of receiving those funds, MDT did not do what in retrospect it should have done to avoid future budget shortfalls: **reduce the existing level of service consistent with its budgetary constraints.**

PRE-SURTAX CASH FLOW PLAN - 21-YEAR PRO-FORMA

It is important that we review all pertinent documents prepared by MDT prior to the surtax referendum that formed the basis for project estimates and projections contained in the "People's Transportation Plan Resource Guide". As previously mentioned, this Guide was widely utilized as background information in public forums by those who supported the referendum.

Attachment A contains a projected 21-year Pro-forma that was prepared in July 2002. Also part of Attachment A are projected rail capital costs and bus acquisition costs and schedules. Please note that Attachment A contains a line item under Expenses entitled "MDT O & M". This item is an all-inclusive Operations and Maintenance (O&M) cost for each of the 21 years. It reflects the O & M anticipated costs for the entire system, that is, costs for service and facilities that were operational prior to the referendum and also those put in place after the referendum. **It is important to note that only one total is shown for each year's expenses and that the 21-year Pro-forma assumed a "constant" GF annual subsidy.**

Attachment B is a 21-year plan summary of expenses and revenues also prepared at that time. When Attachment A is examined along with Attachment B, it can be seen that the total for O & M (\$10.437 billion) is exactly the same in both attachments. Please note that Attachment B includes funds for Paratransit expenditures. Paratransit expenditures are not specifically listed in the Ordinance or Exhibit 1. Therefore, it seems that it was meant for the \$10.437 billion to include anticipated costs for the entire transit system.

A close examination of each line item in Attachment A in the July 2002 Pro-forma shows that the subject Pro-forma always envisioned a myriad of revenues, including surtax revenues, to be needed and used to operate the integrated transit system. If a separation of revenues into "existing" and "new" services would have been envisioned, it follows that two separate 21-year Pro-formas would have been prepared.

Attachment C is a pie-chart showing the distribution of sales tax proceeds shown on page 155 of the "People's Transportation Plan Resource Guide". The percentages shown were derived from the 21-year plan. This pie chart, prepared just before the referendum, also includes funds for Paratransit services. It meant to convey to the reader that the surtax proceeds were to also be used to fund Paratransit services as part of the entire system.

Attachment D depicts the same pie-chart included in Attachment C along with a Capital Investment pie-chart.

Attachment E illustrates what a 21-year Pro-forma for the existing and for the new service would have looked like using the cost projections available in July 2002. It is worthwhile to use an example to confirm what appears to be the original intent. In examining the year 2004 in the July 2002 Pro-forma for one integrated system, we see that the surplus at the end of that year was projected to be \$138.17 million of which \$69.39 million was the projected carry-over from 2003 and the remaining amount (\$68.78 million) was the result of projected 2004 operations for both "existing" and "expanded" operations. This is clearly seen by examining the two separate Pro-formas for "new" and "existing" service which have been illustrated right below the original one. It can be seen that in year 2004 the balance for the "new" service was projected to be \$87.60 million and that for the "existing" service was projected to be (\$18.82 million) for a net of \$68.78 million as mentioned above. This clearly demonstrates that the July 2002 Pro-forma, the 21-year Plan Summary and the Pie Chart included in the Guide envisioned one system with the surtax as one of the funding sources.

It is also noteworthy that projections compiled prior to November 5, 2002 anticipated that projected expenses would exceed projected revenues starting in 2015. This is shown in the chart depicted in Attachment F entitled "Revenues and Expenses". This is confirmed by examining the July 2002 21-year Pro-forma which shows that in 2015 expenses were projected to be \$609.53 million versus revenues of \$595.15 million.

Lastly, the subject 21-year Pro-forma was submitted by MDT to the Federal Transit Administration (FTA) as part of the New Starts application for the Metrorail North line extension. The clear indication to FTA was that it was one system for which the surtax was one of many funding sources. The FINANCIAL CAPACITY POLICY used by the FTA is delineated in Circular FTA C 7008.1A wh

~~states that FTA will not enter into a Full Funding Grant Agreement (FFGA) "until the plans for financing have been completed and a Financial Capacity Assessment has been performed by the Financial Management Oversight Contractor (FMOC). The plans for financing must demonstrate that the grantee can complete the FFGA project and continue to operate its existing service with available resources."~~ Please note that without the inclusion of the surtax as one of many revenue sources for the transit system in its totality, all the projects envisioned would not be viable for federal funding. Based on the above, it can be further concluded that **documentation and financial projections at the time always envisioned that the surtax revenues would complement other revenues sources to fund an integrated transportation system.**

MAINTENANCE OF EFFORT (MOE)

Ordinance No. 02-116, approved by the BCC on July 9, 2002, expressed the BCC's wish to levy and impose a one half of one percent Charter County Transit System Surtax, if approved by the County's electorate. In the title of the Ordinance, the BCC clearly expressed its **"intent to maintain current level of general fund support for MDTA in subsequent fiscal years"**. Furthermore, Section 5 of Ordinance No. 02-116 entitled "Maintenance of Effort", states that **"It is the intention of the Board of County Commissioners that the amount of general fund support for MDTA in fiscal year ending September 30, 2003 and each subsequent fiscal year shall be no less than \$111,800,000 which is the budgeted amount of general fund support for MDTA in fiscal year ending September 30, 2002"**

Thus it appears that the County's MOE obligation is strictly a funding obligation. The Ordinance's intent and language to that effect is difficult to dispute. The Ordinance does not state that, if the surtax was approved, the County would then fund an improved level of transit service by increasing the GF contribution to whatever amount was necessary. The Ordinance simply provided that whatever was being contributed by the GF as of September 30, 2002 would be the absolute minimum to be contributed as a supplement to other revenue sources. This intent seems to be further confirmed by language in Ordinance No. 02-116 dealing with the twenty percent of surtax proceeds to be distributed annually to those cities existing as of November 5, 2002. It is stated in the subject Ordinance that municipalities would receive their share of the surtax proceeds if they **"continue to provide the same level of general fund support for transportation that is in their FY 2001-2002 budget in subsequent Fiscal Years. Any surtax proceeds received shall be applied to supplement, not replace a city's general fund support for transportation;"**

EXISTING SERVICE VERSUS SERVICE IMPROVEMENTS

All County departments must operate with a balanced budget and MDT was and is no exception. For any given fiscal year, MDT plans and proposes a transit level of service which takes into account anticipated transit needs in the community, projected transit ridership, projected revenues from fares, and anticipated revenue subsidies from other viable sources such as federal and state agencies. The amount of revenue in each one of these categories may vary from year to year and also during any given fiscal year. This frequently dictates adjustments in the level of transit services such that a balanced budget can be achieved, if no other source of revenue is available to make up the shortfall. It is important to reiterate that any reference to a committed MOE refers to a minimum amount of annual monetary contribution towards the transit system. Exhibit 1 of County Ordinance No. 02-116 does not explicitly identify funding of so-called "deficits in existing operations". Based on preliminary

discussions with the County Attorney's Office (CAO), it appears that such expenditure would constitute a material addition to the People's Transportation Plan, and thus require an amendment to the subject plan. If surtax revenues cannot be used to fund "existing operations", then any shortfalls in MDT's projected revenues and traditional subsidies and/or any unanticipated increase in operating and maintenance costs would necessitate that the level of service that we are trying to improve be either reduced due to lack of funding or that such additional expense be funded by increases in the GF's annual contribution. This additional GF funding would of course be in excess of the \$111.8 million MOE, or the approved MOE amount for that particular fiscal year, if higher. The latter would be subject to the County's budgetary pressures and competing needs for any available funds countywide.

Our transit system is a fully integrated system. Although composed of discrete transit modes and individual bus routes, the system has been designed and operates with seamless connections to afford passengers travel efficiencies. Our residents want and deserve an equally good level of service whether they are riding on a route that has been in place for many years or a new route implemented after the referendum. Obviously, improvements to the entire system are needed to maintain an equal level of service throughout the system and the voters voted for improvements throughout the system.

Within five years after the referendum virtually every Metrobus route will be improved. If we do not look at all the pieces together, intermingled as one "system" that we are trying to improve, but rather keep differentiating between the baseline existing service and improved service, then we must certainly choose which bus route to eliminate or adjust if funds other than surtax are not available to "supplement" other sources of revenue. If the County abides by the Ordinance and, for whatever budgetary pressures it faces in a given year, is only able to fund the MOE required by Ordinance to support transit operations, MDT may not have enough funding to meet its costs. Without supplemental budget, MDT would have to cut operations – most definitely Metrobus operations since that is very labor intensive and most sensitive to the budget. What bus routes should be cut or reduced? Should they include those listed in Exhibit 1 of the surtax Ordinance? Those are mandated to be improved. If cuts are made only in the older routes, or only in those portions of the routes operating prior to the referendum – not those newly established after November 5th, would one community be affected more than others, potentially in violation of Federal Environmental Justice requirements? But by cutting service, even on baseline –pre November 5th service – will we be keeping faith with the voters? They were promised that service would be improved. How is needed service improved if it is cut because of budgetary constraints?

There is only one answer which meets the requirements of the Ordinance approved by the BCC and those of the surtax ballot language. We must deliver to the public an efficient transit system with all the improvements contained in Exhibit 1 of Ordinance No. 02-116. The improvements listed in Exhibit 1 did not stand alone. Exhibit 1's improved service only makes sense when it is seen in the context of the service operating just prior to November 5th. The public is concerned with an efficient and effective public transit system, which continues to improve, which relieves traffic congestion and provides a viable alternative to the automobile.

The County has an obligation to make sure that it runs an efficient operation and that productivity is maximized such that surtax funds, together with all other revenue sources and subsidies, provide the level of service that was promised to the public prior to the surtax referendum.

SUFFICIENCY OF SURTAX FUNDS TO FUND TRANSPORTATION IMPROVEMENTS

If surtax funds were envisioned to be used exclusively for "improvements" only, as specifically detailed in Exhibit 1 of Ordinance No. 02-116, and not to also supplement other revenue sources to operate, maintain and improve whatever integrated transit "system" is in operation at a given time, then a basic question comes to mind: Are the projected surtax revenues for the next 20 to 30 years (not counting the 20% mandated contribution to municipalities) sufficient to fund the capital, operating and maintenance costs of all the improvements listed in Exhibit 1? The answer is NO. In fact, it was early recognized during the preparation of the December 2003 30-year pro-forma that, at some point in the future, surtax revenues would not be sufficient and would need to be supplemented by other traditional subsidies and the County's General Fund. As a result, the County Manager agreed to recommend to the BCC that the General Fund and Local Option Gas Tax annual subsidies be increased at least 3.5% and 1.5% respectively for the next 30 years. If we are to deliver, maintain and operate all the projects listed in Exhibit 1, surtax revenues need to be SUPPLEMENTED by other revenue sources. As shown in Attachment F, the surtax is sufficient to fund all the "expanded service" (rail and bus) plus the public works and other MDT projects if the increment in fare revenues from the expanded services portion are allocated as surtax revenues (not possible unless "existing service" is not reduced due to lack of adequate funding). Nevertheless, in this particular case it should be noted that starting in 2023 the traditional revenues for existing service begin to contribute to the bottom line resulting in an additional \$212 million in revenues. On the other hand, if the increment in fare revenues from the so-called "expanded services" portion is allocated as general MDT revenue, then the surtax revenues are not sufficient to pay for all improvements and produces a negative cash balance starting in 2015. This is shown in Attachment G. Simply stated, surtax revenues contribute to a pool of revenue funds needed to deliver a top-notch integrated transportation system to our residents and visitors.

PERMITTED USES OF SURTAX REVENUES: AN INTERPRETATION

Any legal interpretation of the meaning and requirements of a County Ordinance must be rendered by the County Attorney's Office. Nevertheless, it is beneficial for the sake of completeness to offer a layman's perspective. Section 29-124 (b) of Ordinance No. 02-116 states that "Surtax proceeds may only be expended for the transportation and transit purposes specified in 212.055 (1) 1-3 Fla.Stats. (2001). The use of proceeds from the surtax for the "expansion, operation and maintenance of bus and fixed guideway systems" is one of those permitted purposes. Section 29-124 of the subject Ordinance also states that "Moneys in the special fund shall be expended for the transportation and transit projects (including operation and maintenance thereof) set forth in Exhibit 1 to this Ordinance (including those projects referenced in the ballot question presented to the electors to approve this levy)". In reviewing the ballot language as well as the wording of Exhibit 1 one interpretation could be that surtax revenues may only be used to pay for the capital, operation and maintenance costs of only those specific projects listed which constitute an expansion above the level of service in existence on November 5, 2002. On the other hand, based on the arguments raised previously regarding the MOE requirements and assumptions used in the 21-year Pro-forma, it may be argued that not to be able to use surtax revenues as a supplement to maintain bus and rail service would lead to severe cutbacks in transit service which would be contrary to the general purpose of the surtax levy which is to improve transit service. If we were to follow the former interpretation instead of the latter then one may examine the list of specific projects in Exhibit 1 and ask typical questions such as: If MDT does not have sufficient revenues to fund the current 22 million miles of bus service and has to cut back, how do we fund increasing that level of

~~service to 44 million miles as required by Exhibit 1? Similar questions can be raised in just about every specific project mentioned in the subject Exhibit 1.~~

Lastly, it is interesting to note that the July 9, 2002 memorandum from the former County Manager to the BCC transmitting Ordinance No. 02-116 for consideration and enactment states that surtax revenues will "partially cover the operating and maintenance costs for the Miami-Dade transit system". It would seem that the use of the word "transit system" means the operation and maintenance of the entire system in existence at a given time during the implementation of the PTP.

REQUESTED ANNUAL ALLOCATION OF SUPPLEMENTAL SURTAX FUNDS

As the so-called "baseline service" is expanded due to new transportation improvements being added consistent with Ordinance No. 02-116's Exhibit 1 (that may be amended from time to time) its operation and maintenance costs significantly increase. In a given fiscal year, the ability of MDT to provide an expanded level of service will be dependent on the amount of yearly funding received from traditional sources of revenue, increased ridership, revenues from fares, its ability to negotiate equitable labor agreements, inflation, unanticipated events and the ability to use flexible, recurring revenue sources that have growth potential.

Based on the Pro-forma distributed to the BCC in December 2003, MDT showed that the necessary supplementary support for existing services for FY 02-03 is \$25,539,124 (already showing fully allocated cost of miles and the pre-existing debt service) and for FY 03-04 is projected to be \$19,314,468 (inclusive of the existing debt). The projected "existing service" surtax allocation for MDT in FY 03-04 and the next 29 years are shown in Attachment H, taking into consideration MDT's financial condition as of November 5, 2002 as well as projected increases in GF allocations.

Please note that the projected supplementary surtax allocation for existing services will vary from what was presented to the BCC in December 2003 and from what was included in that spreadsheet (Attachment H). At that time, the cost of expanded rail and bus service miles was based on incremental cost per mile. A more appropriate measure is a fully "allocated" cost per mile. MDT is in the process of updating the cost data for FY 03-04 and subsequent years. At the same time, MDT is in the process of obtaining the services of an independent consultant from the County's management pool in order to have the cost allocation model updated.

It is my firm opinion that the County must address any transit budgetary shortfalls that existed prior to the November 5, 2002 surtax referendum so that everyone knows exactly how every half-penny is being allocated. There cannot be any more one-time fixes for transit's budget. There can be no more borrowing from future years for present expenses. It is proposed that the first five years of GF allocations in excess of the MOE mandated amount be used to address past MDT debts. These include both the reduction from \$123,171,000 to \$111,800,000 in the GF contribution after the tax passed and the existing debt service payments for the acquisition of buses and for capital maintenance and improvements prorated based on the total bus miles used prior to the surtax (for bus purchases). The debt service on the capital improvements should be funded by surtax revenues since these improvements are taking place after the surtax was approved and are taking place for the system as a whole. The buses that were purchased in 2001 and 2002 are in service today and have a life expectancy of 12 years.

CONCLUSIONS

A thorough examination of the above leads to the following conclusions:

- Surtax Ordinance No. 02-116 should have **EXPLICITLY** addressed, and better explained to the public and elected officials, the anticipated necessity to use surtax revenues for the operation and maintenance of the entire integrated transit system.
- The County's mandated Maintenance of Effort (MOE) is strictly a level of funding requirement. Nevertheless, GF contributions in excess of the mandated minimum MOE are necessary and will make possible the implementation of projects discussed with the public and contained in Exhibit 1 of the Surtax Ordinance.
- All available evidence seems to indicate that the separation of "existing" and "new/enhanced" transit service was never envisioned by those involved in preparing financial projections and transit maintenance and operations costs over the next 20 years.
- In order to avoid transit service cutbacks, which would be contrary to the general purpose of the surtax which was to improve transportation, consideration should be given to the annual supplementary use of surtax revenues along with the annual necessary increases in the MOE above the required minimum.
- Any use of surtax funds for the purposes delineated above as well as any requested increases in MOE above the required minimum must be accompanied by a commitment to clearly establish increased operational efficiency levels which can be measured and audited. MDT must continue to implement best business practices. Those services that do not meet accepted standards and practices need to be improved or eliminated.

Attachments

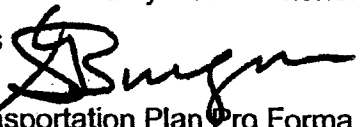
C: George M. Burgess, County Manager
Roosevelt Bradley, MDT Director
Irma San Roman, CITT Interim Executive Director
Robert Cuevas, CAO
Bruce Libhaber, CAO
David Morris, OSBM Director
Jennifer Glazer-Moon, OSBM Director Designate
Rachel Baum, Finance Dept. Director

Memorandum



Date: January 20, 2005

To: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

From: George M. Burgess
County Manager 

Subject: 2004 People's Transportation Plan Pro Forma Update

Supplement No. 1 to
Agenda Item No. 7J(1)R

Recently, a great deal of confusion has occurred, and several inaccurate statements have been made, about our ability to address the needs spelled out in the People's Transportation Plan (PTP). First, it is important to make it very clear that we are making good on our promises; the PTP is being implemented. As promised and scheduled, we have improved all our existing 100 bus routes, while adding 18 new routes and an additional 8.3 million annual miles of bus service; Metrorail trains now arrive more frequently; and the Metromover is free. We are also moving forward with the Metrorail extension from the Earlington Heights station to the Miami Intermodal Center (MIC) near the airport, and have begun the federal funding approval process for the North Corridor and Segment 1 of the East/West Corridor from the MIC to Florida International University's (FIU's) Tamiami Campus. The December 2004 Pro Forma shows these 3 transit lines as fully constructed and operational by 2014, with a \$1.1 billion **surplus** in 2034. This surplus begins to build in 2016; at that time, planning, design and engineering can begin for the construction of additional corridors. This balance is in stark contrast to the balance shown in the original Pro Forma prepared in July 2002 before the referendum as support for the surtax. That Pro Forma showed a \$20.6 million surplus in the year 2023, yet by the year 2024, there was a deficit of \$353.7 million and by 2034, that deficit had grown to \$5.3 billion.

The December 2004 Pro Forma continues to reflect, as it did in the December 2003 Pro Forma update and the original Pro Forma prepared in 2002, support for existing services. This is necessary to be able to continue operating one unified system that delivers the services promised in the PTP, provide for the ongoing operations of a rapidly growing mass transportation system, and to demonstrate to the Federal Transit Administration (FTA) that we have sufficient funding to operate and maintain the entire system.

On December 29, 2004, the Citizens' Independent Transportation Trust (CITT) unanimously recommended an amendment to the PTP allowing the use of surtax funds to support existing Miami-Dade Transit (MDT) service. This included the Fiscal Year 2001-2002 (FY 01-02) \$23.9 million one-time deficit. This amendment will infuse \$2 billion additional dollars into the Pro Forma by memorializing my recommendation of last year that the General Fund Maintenance of Effort (MOE) to MDT increase by at least 3.5% and that the Local Option Gas Tax (LOGT) increases by at least 1.5% each year. As detailed below, the amendment also memorializes my additional commitment to the CITT at their December 29 meeting to increase the MOE by \$2 million as of FY 04-05, a move that will add \$103 million in new, non-surtax revenue by 2034.

In my Memorandum of December, 2003, presenting the first update of the Pro Forma to the Board, I expressed my concerns with the original Pro Forma prepared in 2002 before the referendum as support for the surtax. The need to re-examine many funding assumptions became apparent. Fare revenues were not meeting expectations; the cost of implementing certain improvements is greater than anticipated. And while the half-penny puts us in a position to compete for federal funding, it is no secret to anyone that federal funding for major transit projects is very limited and highly competitive among major urban areas.

At that time, I requested that Public Financial Management (PFM), Transit's financial advisor, do a comprehensive update to the original Pro Forma. As a result of that update, it became evidently clear that the MOE could not remain static over the next 30 years, that the LOGT revenue support to MDT needed to grow, and that fares would need to be increased in order to implement the PTP and have one cohesive, integrated, and functional transit system. As a result, I recommended a 3.5% increase in the MOE, a 1.5% increase in the LOGT, and fare increases of \$.25 in FY 2007 and \$.50 in FY 2012, 2017 and 2022. Given that our last fare increase took place in 1991 and base funding to MDT has not been inflation sensitive, these increases are a reality that must be a part of our planning. By the time the first fare adjustment would be implemented, 16 years will have passed with no transit fare increase in Miami-Dade County. Based on recent research by MDT, having no fare increases for such a long period of time is highly unusual, even for transit agencies with dedicated funding sources. Below is a brief history of MDT fares.

Miami Dade Transit Fare History

Effective Date	Adult Fare	% Increase of Fare	Adult Transfer	Discount Fare	Passenger Transfer
May 1, 1970	\$0.30		Free	\$0.15	Free
July 1, 1978	\$0.50	67%	Free	\$0.25	Free
November 1, 1980	\$0.60	20%	Free	\$0.30	Free
January 1, 1981	\$0.75	25%	Free	\$0.35	Free
July 1, 1981	\$0.75		\$0.10	\$0.35	\$0.05
August 18, 1982	\$0.75		\$0.20	\$0.35	\$0.10
December 1, 1983	\$0.75		\$0.25	\$0.35	\$0.10
October 4, 1987	\$1.00	33%	\$0.25	\$0.50	\$0.10
December 1, 1990	\$1.25	25%	\$0.25	\$0.60	\$0.10

However, even with the fare increases noted above, the December 2003 Pro Forma showed that the surtax would still need to provide support for existing services.

The issue of support for existing services has received some media attention as of late and warrants clarification. The original Pro Forma prepared in 2002 as support for the surtax was a 21 year plan. This plan programmed 8 corridors for construction (North, East/West, Earlington

Heights/MIC, Light Rail to Miami Beach, Kendall, Northeast, Douglas Road, and Metrorail to Florida City). However, only the North, Kendall, Earlington Heights/MIC, and Light Rail to Miami Beach were actually completed and operational, with the last corridor (Light Rail to Miami Beach) having just come on line in FY 2022. It is important to note that the system as a whole showed a significant deficit after FY 2023 with no recovery without a new funding source. In addition, the surtax provided approximately \$280 million in support for existing services from FY 2003-2011. In fact, support for existing services rose to \$154 million by the year FY 2023 for that year alone. **From a financial perspective, then, support for existing service was always envisioned as a part of the PTP at a level much higher than that being proposed today.**

The Pro Forma being presented today shows a balanced financial plan with a surplus of approximately \$1.1 billion at the end of 30 years. This positive balance will allow, after the opening of the first three corridors programmed for FY 2011-2014 (North, Earlington Heights/MIC, East/West), initiation of planning and engineering services for other planned corridors. The surtax support for existing services is now contemplated to be approximately \$155 million for the period from FY 2002-2011, inclusive of the MDT debt prior to the passage of the surtax. In contrast to the original Pro Forma, fare increases and the stabilizing of expenditures allows the support for existing services to diminish to the extent that the existing services revenues begin to contribute to the system and help fund the PTP projects by FY 2012.

We have been working with the CITT during this past year on the issue of support from the surtax for existing services. We have had multiple workshops and meetings on this issue. A salient point was the use of the surtax to pay for support of existing services for FY 01-02, the year ending prior to the passage of the surtax. MDT used primarily FY 02-03 federal formula grant revenues to cover the \$23.9 million shortfall for FY 01-02. As a result of this and of my discussions with the Chair of the CITT, Marc A. Buoniconti, I agreed to recommend an increase to the MOE of \$2 million for FY 04-05. This will result in an additional approximately \$103 million to the total revenues of the Pro Forma. **The CITT unanimously recommended the amendment to the PTP on December 29, 2004, which included payment for the FY 01-02 \$23.9 million deficit and payment for the support of existing service from FY 02-03 forward.** The amendment also states that this support for existing services will continue annually as long as the MOE increases by at least 3.5% (at the new base amount that includes the additional \$2 million) and that the LOGT increases by at least 1.5% each year.

To continue to deliver the entire transportation improvement program, we need to periodically assess whether financial resources are sufficient and if they are being applied in a responsible manner. A Pro Forma financial plan forecasts the financial feasibility of the implementation of the PTP. When we presented the December 2003 Pro Forma, we committed to an annual update of this 30-year forecast. Again, I stress the importance of recognizing that a Pro Forma is a "snap shot" of a dynamic economic and operating environment. It is a living document using certain assumptions to forecast revenues and expenditures. When any of these assumptions deviates from reality, even slightly, there can be a significant impact to the long-term forecast and program. It is our collective responsibility to update the Pro Forma and review a new "snap

shot" on an annual basis. Each assumption must be examined and the financial model updated as required. As we explained in the December 2003 Pro Forma update, we have engaged Transit's financial advisor, PFM, to update the Pro Forma with the input of staff from MDT, Office of Strategic Business Management (OSBM), and the CITT. The updated results are attached.

Based on the current projection of the revenues and expenditures, the updated financial forecast projects that expected revenues will be sufficient to cover expected expenses for delivering existing and enhanced transit services during the 30 years of the Pro Forma. We continue working with the financial advisor analyzing the debt structure to see what additional savings can be obtained. This December 2004 Pro Forma projects a level debt structure that may have to be revised. As I mentioned, the Pro Forma is a living document that will be updated regularly and include changes in the forecast that reflect the latest trends and financial plans.

Following are highlights comparing the December 2003 Pro Forma and the December 2004 Pro Forma:

1. Total annualized revenue bus miles continue on track to reach the approximately 44 million revenue miles promised by the PTP by 2007.
2. Total bus fleet continues its expansion to 1191 buses by 2007.
3. LOGT growth continues at 1.5% annually.
4. Purchase of Replacement Phase I Metromover cars and rehabilitation of Metrorail vehicles is on track; replacement of Phase II Metromover cars continues starting in 2020.
5. Fare increases are now estimated to be \$.35 in 2007 and \$.50 in 2012 and 2017. The December 2003 Pro Forma fares were estimated to increase by \$.25 in 2007 and \$.50 in 2012, 2017 and 2022.
6. General Fund support (MOE) continues to grow at 3.5% as in the December 2003 Pro Forma, but starting in FY 04-05 an additional \$2 million will be added resulting in approximately an additional \$103 million over the next 30 years.
7. Operating revenue projections have decreased from the December 2003 Pro Forma from approximately \$8 billion to \$7.3 billion to account for primarily decreased fare revenues. Although boardings continue to increase, a great majority of that increase is related to those users that ride free of charge. Boardings related to the Golden Passport continue to grow. Based on recent reports, it is expected that for FY 03-04, boardings related to the Golden Passport will be approximately 5.5 million to 6 million and will grow substantially each year. The recent Patriot Passport has also contributed to increased fare-free boardings. This high increase of fare-free boardings was not envisioned in the December 2003 Pro Forma.
8. Sales tax revenue projections decreased from the December 2003 Pro Forma from approximately \$12.5 billion to \$12.3 billion to reflect a lower base and lower growth rate.
9. Debt payment schedule has decreased from approximately \$5.2 billion to \$5.05 billion to account for the construction of the Earlington Heights/MIC, East/West, and North Corridors. No other corridor is reflected under construction; as we approach the opening of the three corridors identified in this Pro Forma, we will begin planning and engineering of any additional corridor.

10. Operating expenses decreased from approximately \$23.3 billion to \$22.5 billion reflecting the changes in the timing of the corridors coming on line in accordance with the revised timetable. Current expenses also include an additional \$55 million for the increase in the Special Transportation Services (STS) costs for the next 5 years. Projections for this service continue growing from the base set at the 5th year through the 30 year life of the Pro Forma. Federal regulations require transit properties to provide comparable, complementary paratransit service (Title 49, Section 37.121, 37.123, 37.131):

"Each public entity operating a fixed route system shall provide paratransit or other special service to individuals with disabilities that is comparable to the level of service provided to individuals without disabilities who use the fixed route system...The entity shall provide...service to origins and destinations within corridors with a width of three-fourths of a mile on each side of each fixed route. The corridor shall include an area with a three-fourths of a mile radius at the ends of each fixed route...The...service shall be available throughout the same hours and days as the entity's fixed route service."

Please note that implementation of all corridors is based on federal funding availability and participation in rail projects at 50% and up to \$60 million per year, consistent with the current practice of the FTA. It also requires that all projects receive a "recommended or highly recommended" rating by the FTA during the project New Starts evaluation process. These project evaluations are performed annually by the FTA, and in order to qualify for scarce federal funds, MDT must compete with dozens of other cities nationwide in a highly competitive process. Rigorous project evaluations are conducted with particular emphasis on MDT's ability to implement and maintain these projects, as well as on the projects' feasibility. Proposed projects must not only be supported by a local financial commitment for construction, operation and maintenance, but MDT must also demonstrate that its existing system will be maintained to a high level of service. This comprehensive financial plan will be required by the FTA and the Florida Department of Transportation (FDOT) prior to the disbursement of any capital funds. It is important to note that the agencies will review not only the individual project applying for funding, but will also review MDT's ability to operate and maintain the entire system. This review is conducted annually until the project receives a Full Funding Grant Agreement (FFGA). Specifically, "FTA will direct its Financial Management Oversight contractor to assess the sponsor's financial capacity and the reasonableness of the sponsor's financing assumptions, including the completeness of the sponsor's financial plan, and the stability and reliability of the sponsor's financing for both the capital costs of the project and the operation and maintenance costs of the overall transit system." Further, Section 12 of the FFGA stipulates, "as a condition of the Government's Award of funding set forth in this Agreement, the Grantee has developed and adopted a Financing Plan to finance the future operation and maintenance of the Project that also takes into consideration the Grantee's continuing financial responsibilities to operate, maintain, and reinvest in its existing transit system".

In addition, as anticipated in the original Pro Forma of 2002, FDOT participation in rail projects is assumed at 25%. The FDOT has advised that it would require reprogramming other projects to reallocate funds for rail projects.

As with any long-term estimate, when changes are compounded over a 20 to 30 year period, there is a very significant impact on forecasts. While we do not want to be overly conservative or optimistic in this financial plan, it is prudent to use the best available information while inviting independent validation and oversight. To the extent that the growth of operating costs can be contained and operating revenue enhanced, the entire transit program will be more comfortably afforded. To be able to deliver the PTP and upgrade long under-funded services and maintenance facilities, aggressive actions must be taken to be able to deliver all of the services and projects that were promised to the public. Significant management initiatives, which are delineated in the MDT Business Plan, are now underway to achieve both of these objectives.

MDT Efficiency Projects

MDT is committed to continuous improvement and demonstrates this commitment through on-going management and operational assessments that critically review current practices. These assessments are used to either verify that the agency is managing prudently or to help identify cost savings. The agency has employed the services of state university transportation centers to objectively analyze organizational structures and processes. These detailed reviews, although independent, are typically conducted in collaboration with MDT management to help to ensure that the recommendations will be implemented and the benefits realized. Reviews of maintenance practices, staffing levels and other recent initiatives examining agency inventory levels were conducted by independent and respected experts who compared MDT to other transit agencies nationally. The value of this kind of on-going self-assessment is in helping to ensure that the dollars allocated to providing public transportation are being spent wisely. MDT has plans to continue these efficiency reviews and to strengthen its commitment to ensuring that the results are put in place. Examples of these kinds of "efficiency audits" and other efforts include:

- The recently completed Comprehensive Bus Operations Analysis (CBOA), conducted by the University of South Florida's Center for Urban Transportation Research (CUTR), analyzed bus service on every route now being provided by the County. Passengers were counted and surveyed, and schedules were checked against actual bus arrivals to make adjustments to improve system reliability and service for County residents. The study will provide the information needed to position our resources more wisely, taking into account such factors as traffic, new travel destinations, land use, transit trip patterns, and a comprehensive public information effort. Major potential cost savings are identified; bus routes that are carrying very few passengers have been examined and some service changes and rollbacks have been recommended. These recommendations are now being considered and a limited number were incorporated in the recent November 2004 line-up. Recommendations from the CBOA will continue to be incorporated in future line-ups.
- The Metropolitan Planning Organization (MPO) commissioned a "Special Use Lane Study" to evaluate more efficient utilization of existing right of way on freeways and major arterials that have the potential to accommodate these lanes, which could be reversible

and could be used by specially designated vehicle traffic, high occupancy vehicles (HOV), bus rapid transit (BRT) or some combination of the three. The study recommended improvements for two potential scenarios for immediate consideration: express core service, which includes the implementation of express services along the Turnpike, SR-836 and SR-826; and arterial core services, which includes the development of a bus rapid transit (BRT) system along Flagler Street and Biscayne Boulevard (the recommendation also includes further analyses for Kendall Drive). However, before these recommendations can be implemented, state statutes need to be amended. Legislation has been drafted to include these recommendations in our state legislative package.

- Recent updates of the Metrorail & Metromover Fleet Management Plans assessed current and future vehicle maintenance needs, resulting in improved maintenance scheduling and improved forecasting of associated costs.
- MDT has developed the FTA mandated Metrorail Action Plan to enhance performance of vehicles and other systems. This resulted in the reallocation of staff for maintenance, repair and tracking and the restructuring of preventive maintenance intervals.
- The Mechanic Manpower Analysis helped MDT develop a methodology for determining future vehicle maintenance needs and benchmarks for mechanic time allocations per operated mile of service, thus assisting in more realistic assessment of staffing needs.
- FIU's Lehman Center for Transportation Research (LCTR), in conjunction with the University of Miami, recently completed an efficiency project to develop a work time standards manual for bus maintenance tasks at MDT. The labor time standards will allow MDT to establish performance measures for specific repair tasks.
- The continuation and enhancement of aggressive advertising, sales, and promotions programs to find creative ways to inform the public of new services and explore revenue-generating campaigns. Significant web site enhancements also took place this year that allow users to readily obtain detailed PTP project information. The origins of the PTP, ballot language, governing legislation, and related resolutions and amendments are posted along with a section on the "Half Penny at Work" including 90-day Progress Reports updating bus service improvements, rail service improvements and projects, and public works projects, among other information.

These are just a few of the initiatives now underway within MDT. Each activity has an established target and performance measure. As MDT begins to meet these targets and efficiencies are gained, their financial impacts will be incorporated into the December 2005 update of the Pro Forma. With each annual update, we have an opportunity to share information and make knowledgeable decisions. Each year, we should view this process as a chance to take a fresh look at exactly where we are heading under the given financial circumstances.

PTP Project Update

With the second year of the PTP completed, we can all be very proud of our accomplishments. Within the past year, the PTP's short-term public transit goals have been implemented. Transit service improvements already in place include:

Bus Service Improvements

- To date, approximately 8 million annualized miles of revenue service have been added to Metrobus operations. Added to the approximately 27 million miles operated prior to the surtax, Miami-Dade Transit (MDT) now operates approximately 35 million of the total 44 million annualized revenue miles promised by 2007 in the PTP. Approximately 4 million annualized revenue miles will be added in both 2006 and 2007.
- Overall since the passage of the surtax, the following number of improvements have been made to existing bus routes:

<u>Type of Improvement</u>	<u>Number of Routes Improved</u>
Peak Frequency Improvements (15 minutes or better)	20 routes
Peak Frequency Improvements (16-30 minutes)	16 routes
Midday Frequency Improvements (15 minutes or better)	2 routes
Midday Frequency Improvements (16-30 minutes)	17 routes
Midday Frequency Improvements (31-45 minutes)	2 routes
Weekend Frequency Improvements (15 minutes or better)	1 route
Weekend Frequency Improvements (16 -30 minutes)	25 routes
New Midday Service	2 routes
New Weekend Service	3 routes
Extended Routes	19 routes
Realigned Routes	24 routes
Extended Service Span	5 routes
Expanded Service to 24 hours	11 routes
Added Trips	16 routes
Other Schedule Improvements	83 routes

- Fourteen Metrobus routes now provide overnight service; 11 of these routes operate 24-hours a day.
- By April, 2004, MDT had added ten new bus routes: the Coconut Grove Circulator, Sweetwater Circulator, Little Havana Circulator, Little Haiti Connection, Flagami Connection, Coral Gables Connection, Hialeah Gardens Connection, Coral Way Max, Route 500 -Midnight Owl, and Route 99.
- On November 21, 2004, MDT implemented the largest bus service improvement at one time in the history of the County. MDT added 2.5 million miles of bus service which includes 8 new bus routes (Busway Flyer -Route 34, Route 344, Goulds Connection -Route 216, Route 200, Route 147, Airport West -Route 41, Gratigny Connection -Route 68, and Liberty City

Connection -Route 46). The following 50 existing bus routes received substantial service improvements (Routes 3, 7, 9, 12, 16, 21, 22, 27, 28, 29, 32, 33, 35, 37, 52, 54, 62, 70, 73, 75, 77, 87, 88, 95 Express, C, E, H, J, K, R, W, Busway Local -Route 31, Busway Max -Route 38, Flagler Max -Route 51, West Dade Connection -Route 137, Gables Connection -Route 152, Little Haiti Connection -Route 202, Killian Kat -Route 204, Little Havana Circulator -Route 207/208, Sweetwater Circulator -Route 212, Coral Way Max -Route 224, Airport Owl -Route 236, Doral Connection -Route 242, Okeechobee Connection -Route 245, Night Owl -Route 246, Coral Reef Max -Route 252, Ludlam Max -Route 267, Sunset KAT -Route 272, Saga Bay Max -Route 287 and Kendal Kat -Route 288.

- On April 25, 2004, MDT inaugurated a new Metrobus operations and maintenance facility in Medley. MDT had completely run out of facility capacity to park and maintain buses.
- Nine thousand new bus-stop signs will replace older signs mounted on a variety of posts and poles. All new signs will be mounted on square green posts that will make them easier to spot and feature the international bus stop symbol. By November, 2004, 1,400 of the new signs and green posts had been installed at bus stops throughout the County. New information map panels were installed at over 900 transfer points along the 25 most heavily used bus routes and major activity centers displaying maps, up-to-date scheduled arrival times, and information on each route serving a particular bus stop. The information is provided in English, Spanish and Creole in order to better serve our diverse community.
- More than 600 new bus shelters have been installed throughout the County. These shelters are being built and maintained by a private company under contract with the County and MDT receives a share of advertising revenues from these shelters. (No County or surtax funds are being used in the installation or maintenance of these shelters since this is a revenue producing contract.) All shelters use solar energy and have beautiful etched glass panels with herons and palms that shield passengers from South Florida's extreme heat and unpredictable rain. Further, each shelter has a large transit map that outlines all MDT bus routes, the Metrorail alignment, and provides transit riders with a customer-service telephone number and website address to obtain personalized trip-planning information. By the end of this year, approximately 3,000 sites will be examined for shelter installation. All shelters should be installed within the next 24 months. To address recent isolated incidents of vandalism to bus shelters (broken glass panes), MDT has teamed with the Miami-Dade Police Department (MDPD) in a special detail to arrest violators. This sting has targeted areas where there has been recurring vandalism. Additionally, MDT is currently working with the contractor in evaluating and testing several protective materials that would withstand the force of objects thrown into the glass pane.
- Since the passage of the surtax, MDT has hired over 1,000 employees including approximately 700 bus operators and 100 bus maintenance technicians. MDT has participated in an apprenticeship program with the South Florida Workforce since April, 2003, when Miami-Dade County and the School Board agreed to cooperate in the implementation of a maintenance apprenticeship program to train mechanics to repair MDT's heavy vehicular equipment and

buses. Classes are held at Miami Lakes Technical Education Center and at the Robert Morgan Technical Education Center. As a result, MDT has hired 69 new technicians to date (40 in May, 2004, and 29 in November, 2004). Approximately 20 participants are currently in training. This program has created opportunities for our residents to develop meaningful skills and obtain gainful employment. Additionally, MDT, in conjunction with the Employee Relations Department (ERD) and the South Florida Workforce, has developed study guides and practice exams for those seeking employment as bus operators. This has helped hundreds of residents in our community improve their scores and find employment at MDT.

- Participation in the Golden Passport Program by our residents who are 65 years of age or older and Social Security beneficiaries continued to increase, allowing them to ride free on transit regardless of their income. Today, over 115,000 seniors and Social Security beneficiaries participate in the program.
- In June, 2004, the Patriot Passport was established. This three-year pilot program allows all honorably discharged veterans who are permanent Miami-Dade County residents with annual incomes below \$22,000, to be eligible to ride transit free of charge. To date, 1,460 Patriot Passports have been issued.

Rail Service Improvements

- Within the next five years, 136 twenty-year old Metrorail vehicles will undergo a complete overhaul and be reconfigured with a new sleek, aerodynamic, sloped-end nose. The interior of the vehicles will be reconfigured to present a modern, brighter, more aesthetically pleasing appearance. The rehabilitation is also geared towards having fewer failures, less maintenance, and better diagnostics on rail vehicles. These vehicles will also operate on future Metrorail extensions. The first rehabilitated trains will arrive within the next 2 years.
- Within the next two years, MDT will also purchase 12 new Metromover cars to replace the 20-year old Phase I cars that have met their life expectancy and are due for retirement. The new vehicles will sport a futuristic look that includes a new design.
- Within the next few months, MDT and the South Florida Regional Transit Authority (SFRTA, formerly Tri-Rail Commuter Authority), will be soliciting a contract for the provision of new fare collection equipment, allowing interaction between Miami-Dade County, Palm Beach County, Broward County and Tri-Rail. This will be a regional system; once all properties have procured their fare collection equipment and integration is completed, passengers will be able to ride from West Palm Beach to Miami with a single ticket. With the use of a plastic, wallet-sized "Smart Card" imbedded with computer chips, this single ticketing system will be capable of interfacing with a standardized fare collection system that will provide more accurate financial and statistical reporting. The new equipment will bring the latest technology to MDT, relying on electronic more than mechanical devices, improving reliability and efficiency, and facilitating operational functions. It will replace our 20-year old system, which is becoming difficult to maintain due to obsolescence, and will provide for a system-wide acceptance and validation of all fare media ticketing products independent of operator intervention.

- Transit Rail Corridor development continues:
 - The Earlington Heights/MIC Corridor is scheduled to open in 2011 **(the original Pro Forma of 2002 upon which the surtax was based estimated completion by 2015)**. This 2.6 mile heavy rail extension will connect the MIC, located north of NW 21 Street and east of NW 42 Avenue, to the existing Earlington Heights Metrorail Station at NW 22 Avenue. The project includes one station at the MIC and is estimated to cost \$340 million. Included in this cost is an overhead crossing over the Miami River and State Road 112. During preliminary engineering, the station location was moved further west in order to facilitate a seamless connection to the MIC-FIU East/West Corridor extension. During final design, MDT will work with the Airport staff to minimize the distance between the MIC Metrorail Station and the Airport People-Mover connection to the terminal. The MIC Metrorail Station design will also incorporate a pedestrian-friendly connection to the MIC core. MDT is currently completing negotiations with the consultant who will perform the final design for this project; the contract is tentatively scheduled for award by the Board in March, 2005. In October, 2004, the decision was made to implement this project with 100% local funds. FDOT has pledged \$100 million for the Earlington Heights/MIC project. The balance of the estimated cost (approximately \$240 million) will be paid for using proceeds from the surtax. MDT is moving expeditiously towards finalizing construction plans and starting real estate acquisition. In fact, the Miami Dade Expressway Authority (MDX) has already acquired four parcels for MDT since 23 of the 43 parcels required for this project are jointly needed by both MDT and MDX. Once this extension is completed, it will provide a direct link from the MIC to downtown.
 - The North Corridor is scheduled to be operational by 2013 **(the original Pro Forma estimated completion by 2016)**. This 9.5 mile heavy rail line will extend Metrorail north along NW 27 Avenue from the existing Dr. Martin Luther King, Jr. Metrorail Station to the Broward/Miami-Dade County Line. The project includes 7 stations and 4 multilevel parking garages. The estimated cost is \$843 million. In August, 2004, MDT presented to the FTA the 2004 North Corridor New Starts Submittal. Along the way, the current consultant team made substantial improvements in MDT documents and data for all three areas of FTA criteria review (land use, ridership and cost effectiveness). All of these programmatic improvements will be used to enhance the New Starts and environmental process submittals for all corridors. MDT has also undertaken the complex process of making model enhancements that will significantly improve the ridership forecast data submitted to FTA for the development of all corridors. This process will be completed in early 2005. In September, 2004, MDT submitted a Draft Final Environmental Impact Statement (FEIS); upon review FTA noted that some of the supporting data was more than three years old. MDT's current consultant team developed an action plan and timeline as approved by FTA that will allow a Supplemental Draft Environmental Impact Statement (SDEIS) to be submitted in early 2005. Concurrent with this effort, MDT is in the process of hiring a consultant to

perform preliminary engineering for this project; the contract is tentatively scheduled for award by the Board in January, 2005. MDT is confident that, upon completion of these planning efforts later this year, the North Corridor will receive a recommended rating from the FTA, thus enabling MDT to qualify and apply for the necessary federal funding to complete this project.

- o The East/West Corridor between Florida International University's (FIU) Tamiami Campus and the MIC is scheduled to be operational by 2014 **(the original Pro Forma estimated completion beyond the 2023 range of that Pro Forma)**. This 10.1 mile rail extension will run from the MIC to FIU with plans for stops at a total of 7 stations including the Blue Lagoon area, the 836/826 interchange, and the Miami International Mall. The estimated cost is \$1.38 billion. MDT has hired a consultant to perform the planning work and preliminary engineering required by the FTA beginning in January, 2005. The consultant's first task will be to meet with the FTA to develop an expedited plan of action that makes maximum use of prior planning work performed by FDOT in the late 1990's. MDT is confident that, upon completion of this planning effort, the project will receive a recommended rating from the FTA, thus enabling MDT to qualify and apply for the federal funds necessary to complete this project. Once this extension is completed, a direct link to downtown will be provided through the Earlington Heights/MIC connector.

Municipalities

- Municipalities are also establishing their own programs. The ordinance establishing the PTP calls for 20 percent of surtax proceeds to be distributed on a pro-rata basis to the municipalities that were in existence at the time of the passage of the surtax. To date, municipalities have received more than \$53.3 million in surtax funds for transportation and transit initiatives such as circular buses, bus shelters, road resurfacing and drainage projects. For example:
 - o Coral Gables continues to run its free trolley system transporting more than 250,000 people to work, shopping centers, and other destinations within the city;
 - o Sweetwater has established a free bus circulator service;
 - o North Miami has begun its free NoMi Express community bus service, which operates four routes that crisscross the City. The service is funded by the PTP, as well as a grant from the FDOT;
 - o Hialeah has been using PTP funds to perform major roadway improvements around the city, including the \$5.5 million reconstruction of Northwest 62nd Avenue which broke ground in May, 2004;
 - o The City of Miami is using its PTP funds to establish an electric streetcar system. Phase I will run from downtown Miami to Northeast 79th Street. The cost is estimated to be between \$120 and \$130 million. It is projected for completion in 2007 or 2008.

Public Works

- The Public Works Department (PWD) is charged with implementing many major roadway projects and neighborhood improvement projects over the next 9 years with PTP funding. The Department has a budget of nearly \$476 million to address the needs of the County. Major improvements that have taken place as part of the PTP implementation include:
 - The Traffic Signals and Signs Division (TSS) of PWD is charged with improving signalization throughout the County. The main goal is to replace the 29-year old Traffic Control System (TCS) with a new, state-of-the-art, Advanced Traffic Management System (ATMS). The following efforts are taking place:
 - TSS experts have initiated a search to find a replacement for the old TCS system. They have reviewed multiple proposals and have visited various sites throughout the country to witness first hand how these systems work.
 - TSS is also hiring new timing engineers, exploring alternate methods to address staffing requirements, and developing contracts to initiate the first phases of implementation of a new ATMS system.
 - Each of the 44 site-specific projects included in Exhibit 1 of the PTP are being addressed at this time.
 - Seven of the projects are under construction or set to commence construction very soon:

District 1	Roads with poor to fair pavement conditions. These include: NW 157 St to NW 167 St between NW 47 Ave and NW 57 Ave; NW 167 St to NW 183 St between NW 37 Ave and NW 47 Ave & between NW 27 Ave to NW 37 Ave; NW 183 St to NW 199 St between NW 37 Ave and NW 47 Ave; NW 151 St to NW 167 St between NW 7 Ave and NW 17 Ave & between NW 27 Ave and NW 37 Ave.
District 1	NW 22 Ave from NW 135 St to State Road 9
District 2	NW 22 Ave from 137 St to NW 62 St
District 6	NW 82 Ave/NW 8 St from NW 7 to 10 St/NW 87 to 79 Ave
District 7	Roads with poor to fair pavement conditions. These include SW 56 St to SW 72 St between SW 77 Ave and SW 7 Ave, between SW 87 Ave to SW 97 Ave, and between SW 97 Ave and SW 107 Ave.
District 7	Grand Avenue from SW 37 Ave to SW 32 Ave
District 13	NW 62 Ave (W 8 Ave) from NW 138 St to NW 105 St
 - Nine of the projects are under design:

District 3	NE 2 Ave from West Little River Canal to NE 92 St
District 6	SW 62 Ave from SW 24 St to NW 7 St
District 7	SW 62 Ave from SW 70 St to SW 64 St

District 7	SW 97 Ave from SW 72 St to SW 56 St
District 9	SW 160 St from SW 147 Ave to SW 137 Ave
District 10	SW 127 Ave from SW 120 St to SW 88 St
District 10	SW 97 Ave from SW 56 St to SW 40 St
District 11	New access to Country Walk
District 12	NW 138 Street Bridge over Miami River Canal

- Three of the projects will begin design early this year:

District 11	SW 157 Ave from SW 152 St to SW 112 St
District 12	NW 74 St from the Homestead Extension of the Florida Turnpike (H.E.F.T.) to NW 82 Ave
District 13	NW 87 Ave from NW 186 St to NW 154 St

- Six of the projects will begin design through a Joint Participation Agreement (JPA) with the City of Miami early this year:

District 2	NW 62 St from NW 37 Ave to I-95
District 3	NE 2 Ave from NE 20 St to NE 36 St
District 3	NE 2 Ave from NE 36 St to NE 43 St
District 3	NE 2 Ave from NE 43 St to NE 62 St
District 3	NE 2 Ave from NE 62 St to West Little River Canal
District 7	South Miami Avenue from SW 25 Rd to SW 15 Rd

- Nineteen of the projects are undergoing a scope development and will be advertised for design services later this year:

District 2	NW 37 Ave from NW North River Dr to NW 79 St
District 4	Miami Gardens Dr Connector from US 1 - William Lehman Causeway
District 5	SW 1 Ave from SW 8 St to SW 1 St
District 6	NW 7 St from NW 72 Ave to NW 37 Ave
District 6	SW 72 Ave from SW 40 St to SW 20 St
District 7	South Bayshore Dr from McFarlane Road to Aviation Avenue
District 7	SW 27 Ave from US 1 to Bayshore Drive
District 8	SW 120 St from 137 Ave to SW 117 Ave
District 8	SW 137 Ave from H.E.F.T. to US 1
District 8	SW 137 Ave from US 1 to SW 184 St
District 8	SW 312 St from SW 187 Ave to SW 177 Ave
District 8	SW 87 Ave from SW 216 St to SW 168 St
District 9	SW 136 St from SW 157 Ave to Florida Turnpike (SR 874)
District 9	SW 157 Ave from SW 184 St to SW 152 St
District 9	SW 176 St from US 1 to SW 107 Ave
District 9	SW 180 St from SW 147 Ave to SW 137 Ave

District 9	SW 216 St from Florida Turnpike to SW 127 Ave
District 9	SW 264 St from US 1 to SW 137 Ave
District 12	NW 97 Ave from NW 41 St to NW 25 St

- o PWD continues to reach out to each of the County Commissioner's Offices to discuss and prioritize the Neighborhood Improvement Projects. Contracts to address these Neighborhood Improvements (11 open construction contracts totaling \$10.0 million) are underway countywide. New contracts are being advertised and will be before the Board for approval early this year. Open contracts for Neighborhood Improvement Projects are for Resurfacing, Sidewalks, Drainage, Striping, ADA Sidewalks, Traffic Signals, and School Flashing Signals. School Flashing Signals either under construction or set to commence construction are at Greynolds Park Elementary, Kinlock Park Elementary, Gulfstream Elementary, Lake Stevens Elementary, and Shenandoah Elementary. New work orders for additional flashing signals will be issued this year and will continue to be issued until all 125 planned signals are installed.
- o Construction began on the Grand Avenue Reconstruction Project in October, 2004. The project cost is \$3.7 million and combines funding from PTP and other local funding sources. The contractor is working in phased construction on drainage, roadway and flatwork. The City of Miami is administering the construction contract.
- o The Scope of Services for the Miami River Tunnel Feasibility Study has been redrafted with active input from the City of Miami and FDOT. The City and the County have been partnering to find ways to expedite this study. As a result, the City has offered to utilize a consultant from their pool of consultants hired for Capital Improvements. Four firms were mailed letters of interest to submit proposals for the Tunnel Study, and the City of Miami will evaluate these proposals later this month with assistance from the County and FDOT. The County will still be funding the study, and a JPA to reflect that arrangement will be before the Board for consideration in February, 2005.

Our goal is to spend our tax dollars wisely, maximize revenues, and contain expenditures while providing high quality service to our customers. Effective and efficient transit and transportation service along with prudent fiscal responsibility is everyone's goal. With the annual Pro Forma review process in place, we will be able to work together to bring citizens and visitors to Miami-Dade County a world-class transit system.


Assistant County Manager

Memorandum



Date: January 20, 2005

To: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

From: George M. Burgees
County Manager

Subject: Supplement to the Proposed Amendment to People's Transportation Plan and
Accompanying 2004 Pro Forma Update

Supplement No. 2 to
Agenda Item No. 7J(1)R

This supplement is presented in response to concerns raised during Committee consideration of the proposed amendment to the People's Transportation Plan (PTP) and accompanying December 2004 Pro Forma Report.

The December 2004 Pro Forma update highlights the fact that a financial plan is very much a living document. As described by Miami-Dade Transit's (MDT's) financial advisor, Public Financial Management (PFM), the Pro Forma is necessarily based on a number of assumptions. While many of these assumptions are subject to influences that may be beyond our control, they are nonetheless both reasonable and critical components to a responsible forecast for the implementation of the PTP. For example, expectations on the receipt of federal and state matching funds or the adoption of future fare increases are key assumptions that are uncertain at this time. However, as we look to the future of our transit system, and the fiscal health of the department that supports it, these are assumptions that must be made in order to base that system on a sound financial footing and facilitate the complex planning that lies ahead.

Critical to that planning is the acceptance of the concept of an integrated transit system that responsibly funds both existing transit services and the planned improvements of the PTP. The chronic under-funding of transit systems nationwide is well known, and the problem has been historically no less severe at MDT. Cutbacks in federal transit assistance and competing priorities for limited General Fund revenue at the local level forced MDT for a number of years to resort to one-time revenues to balance its annual budget. Leverage lease deals and other one-time revenues were used by MDT in 1997, 1998, 1999, and 2001. By the end of Fiscal Year (FY) 01-02, the department had to borrow from the future FY 02-03 federal allocation funds to balance the budget. At that time, the County had counted on, but was not able to close on, anticipated one-time lease/leaseback agreements for the Metrorail guideway and the Metromover system. Such a transaction was thought to generate as much as \$60 million and would fund the acquisition of buses and subsidize operating expenses for both FY 00-01 and FY 01-02. Such transactions never materialized and, in the interim, the County did not cut transit service and MDT closed FY 01-02 with a \$23.9 million deficit, establishing a receivable against FY 02-03 federal funds.

With the passage of the half cent sales surtax referendum in November, 2002, the department embarked on the expansions promised in the PTP. As detailed in the accompanying 2004 Pro Forma update, MDT is on schedule (and even ahead of schedule) in delivering on those promises. However, the historic gap in operational costs persists. Since FY 02-03, the

department's budget has included support from the surtax for existing services. This concept was also reflected in the original Pro Forma of July 2002 accompanying the surtax, the December 2003 Pro Forma, and the December 2004 Pro Forma. The combined amount for FY 02-03 and FY 03-04 is \$40.5 million. However, the only amount that was not included in the December 2003 Pro Forma was the \$23.9 million for FY 01-02. This is why the memorandum accompanying the PTP amendment explains the impact on the surtax as a \$23.9 million negative and \$103 million positive. The only new impacts to the Pro Forma since the issuance of the December 2003 Pro Forma report are the \$23.9 million deficit from FY 01-02 and the accompanying \$103 million infusion of new funds as a result of the accrual of the \$2 million increase to the maintenance of effort (MOE) over 30 years. Both of these new impacts have been included in the December 2004 Pro Forma.

Currently, the estimated support for existing services for years 2001-02 through 2011 is:

2001-02	23.9 million
2002-03	18.5 million
2003-04	22.0 million
2004-05	24.2 million
2005-06	24.8 million
2006-07	16.2 million
2007-08	10.5 million
2008-09	(2.8) million (parentheses indicate a positive balance)
2009-10	3.2 million
2010-11	2.3 million
Total	142.8 million

As can be seen from the above, the surtax support for existing services continues to decrease until the support trend is reversed and the general fund MOE supports not just existing services but provides excess funds in support of the new integrated system. This continues from FY 2011-12 through FY 2029 for a total general fund subsidy of approximately \$610 million. After that, since there are no new fare increases in the December 2004 Pro Forma after 2017, the revenues do not keep up with the expenditure growth and the surtax once again contributes to the support for existing services. The end result after thirty years is that the general fund contributes approximately \$350 million to the integrated system above and beyond support for existing services. Again, by the end of 30 years, the sales surtax has not only subsidized existing service as envisioned in the original Pro Forma of July 2002, but, in fact, the general fund has contributed approximately \$350 million to the PTP above and beyond its support of existing service. This clearly illustrates that any support for existing services from the surtax over the life of the Pro Forma far outweighed by the subsidy provided by the existing system to the expanded system during the life of the Pro Forma. It is for this reason that support for existing services is more properly viewed as a loan –a fronting of funds while the annual increases of 3.5 % on the revised general fund MOE, and 1.5% on the Local Option Gas Tax (LOGT) contribution to MDT accrue.

And while the net impact to the surtax based on the projections and assumptions of this 2004 Pro Forma is on balance a positive figure, I want to reiterate the fact that this figure is based on assumptions. I have committed to this Board in the past that the Pro Forma will be updated annually, and this process will be critical to future projections for support from the surtax. Assumptions in the 2004 Pro Forma update that do not materialize will be corrected annually, and these corrections will certainly affect some of the figures forecasted today. Any variations from anticipated levels of support will be clearly delineated in future Pro Forma reports and in the MDT annual budget.

The benefits to our unified transit system that will flow from the adoption of the proposed amendment have been highlighted in my accompanying memorandums; now I want to outline what the options are for MDT if this amendment is not adopted. Below is a sampling of the areas we would review to obtain the necessary savings:

- Service cuts in the order of \$20 million plus per year on Metrobus would be required system-wide. This translates to annual cuts of approximately 3.5 million annualized revenue miles of bus service. If the reductions were taken only from service that existed prior to the surtax referendum, there would be significant impacts to the network. Examples are as follows:

4 routes would be discontinued in their entirety:

- Route 152 between downtown Coral Gables and South Miami
- Route 57 (along SW 57 Avenue)
- Route 236, the Airport Owl, provides late night and overnight service connecting Miami International Airport, Little Havana, Miami Beach and Allapattah
- Route 241, the North Dade Connection, serving Miami Gardens, Florida Memorial College and numerous areas in North Central Miami-Dade

5 routes would have their alignment shortened or have certain trips not operate along the entire alignment:

- Routes 3/16 (along Biscayne Boulevard)
- Route 3 (in the Aventura area)
- Route 21 (between Northside and Bunche Park)
- Route 62 (to/from Miami Beach)
- Route 77 (half of the trips north of Golden Glades)

38 routes would have their frequencies reduced to frequency levels provided prior to the surtax referendum. Examples are:


- Route 42 on LeJeune Road currently operates every 30 minutes connecting Miami International Airport to residential areas in Coconut Grove, Hialeah, Opa-locka and North Dade. With the service cut, the service would revert to the service that existed prior to the Surtax Referendum -every 60 minutes.
- Route 6, providing service primarily to senior citizens in central Miami-Dade and the City of Miami, currently operates every 30 minutes. With the service cut, the

service would revert to the service that existed prior to the surtax referendum - service every 60 minutes.

- Route E, providing service across the northern portion of the County from the Ocean to Miami Lakes enabling residents of Opa-locka and Bunche Park to reach employment centers in Miami Lakes and the Beaches, would have its peak period reduced from half-hourly to hourly as it existed prior to the surtax referendum.
- If service were to be reduced on Metrorail, the headways would be increased from those existing prior to the surtax referendum. Midday service, which was every 15 minutes and is now every 10 minutes, would be provided every 20 minutes. On the weekends, where service was improved from every 20 minutes prior to the surtax referendum to every 10 minutes, would revert to every 30 minutes.
- Concurrent to the service cuts would be cuts to staff. Specifically, mechanics and operators would no longer be required in the numbers presently employed by MDT, along with their supervisors and administrative and planning staff.
- Cuts would also be made to existing Paratransit/Special Transportation Services (STS). Federal law ties the Paratransit service area to that of the fixed route; STS would therefore experience parallel cuts.
- Fare increases beyond those called for in the current Pro Forma would be recommended for FY 05-06 and future years.
- All other contracts that impact existing service would be reviewed and cut back as necessary.

Just as critical as any of these cuts would be the impact to the planned corridor projects of the PTP. These service cuts would bring a heightened level of scrutiny the Federal Transit Administration (FTA). Miami-Dade County would be ill-served to present itself as a transit property where service is on the decline. Receipt of a Full Funding Grant Agreement (FFGA) is unlikely in such a scenario.

Approval of this amendment by the Board does not represent reneging on the promises of the PTP; it represents a responsible step towards the fiscal health of our transit system and a greater commitment to the realization of the promises of the PTP through the escalations in General Fund support to the revised MOE memorialized by this amendment. We are in a position now, thanks to the support of the surtax, to finally create a truly metropolitan transit system that will continue the growth and prosperity that this County presently enjoys.


Assistant County Manager